



As many as 70 million underbanked Americans are believed to have no traditional credit history, making it difficult for mainstream financial institutions to underwrite asset building products such as personal or auto loans and mortgages. Many lenders are finding that data on Alternative Credit - rent payments, utility payments, telephone payments and other monthly financial transactions could help bring millions of US residents into the credit mainstream.

Do your clients need to build an Alternative Credit file?

Payment Reporting Builds Credit (PRBC) allows clients to build credit for paying bills on time. PRBC is a credit bureau which offers individuals two ways to build an alternative credit report -- PRBC can verify their credit history based on historic payments or PRBC can create a file with current bill payments made online and automatically reported to PRBC.

Highlighted Articles and Research

Give Credit Where Credit is Due

By: *The Brookings Institute Urban Markets Initiative*

Did you know? 35-54 million Americans are outside the credit system. Many of them would benefit from including telecommunications and utility payments in the credit report.

The **Political and Economic Research Council** in collaboration with the Brookings Institute estimate that 35-54 million Americans remain outside the credit system and are at a great disadvantage to build assets. They found that by including nontraditional data such as bill payment data from telecommunications and utility companies, they could bridge the information gap on financial risk and direct markets toward a faster alleviation of poverty in this country.

Finally, Credit for Paying the Bills

By: *Kenneth Heaney*

Did you know? Rent, utility, and telecom payments are not in your traditional credit score, but can give you an alternative credit history and access to credit.

Millions of Americans experience credit problems with either incomplete credit files or low scores due to their main credit activities going unreported. Coming soon, more than 150 independent credit reporting companies across the country will soon begin offering mortgage lenders and other creditors a more accurate way to access your full credit profile.

Reaching Deeper: Using Alternative Data Sources to Increase the Efficacy of Credit Scoring

By: *Katy Jacob, Center for Financial Services Innovation, 2006*

Did you know? As many as 70 million underbanked Americans are believed to have no credit history, making it difficult for financial institutions to use traditional credit scoring methods for underwriting asset-building products such as personal or auto loans and mortgages.

With an eye on new markets, innovation in the financial services industry has led to the creation of products, delivery channels and providers that fall outside the traditional credit reporting system, including prepaid debit cards, remittances, and electronic bill payment solutions. A significant number of innovative pilots and studies are providing the needed momentum to catapult this issue to the top of the financial service industry's agenda. The **Center for Financial Services Innovation** describes the current credit reporting system, why it doesn't work for everyone, and efforts underway to improve it with the addition of new data sources.